## II. BOARD MEMBER CONFLICT OF INTEREST

These definitions shall apply to this policy:

"Conflicting Interest Transaction" means:

A contract transaction or other financial relationship between the SPOA and a **Director** of SPOA or between SPOA and a **Related Person** or between SPOA and an entity in which a **Director** is a director or officer or has a financial interest.

"Related Person" means: A spouse, ancestor, descendant or sibling of a **Director**, the spouse or descendant of a sibling of a **Director**, an estate or trust in which the **Director** or a party related to a director has a beneficial interest, or an entity i which a party related to a director is a director, officer, or has a financial interest.

- If any proposed contract, decision or other action on behalf of the Board would financially benefit a Director or a Related Person to the Director, the Director may participate in the discussion of the proposed contract, decision or other action but may not vote on the issue.
- Prior to any discussion of a proposal in which a Director or a
  Related Person to the Director has a financial interest or which
  proposal would otherwise be a Conflicting Interest Transaction,
  the Director shall declare a conflict of interest for the issue in an
  open meeting.
- 3. No Conflicting Interest Transaction shall be void or voidable or be enjoined, set aside or give rise to an award of damages or other sanctions in a proceeding by a Member of SPOA or by or in right of SPOA, solely because the Conflicting Interest Transaction involves a Director or solely because the Director is present at or participates in the meeting of the Board which authorizes, approves, or ratifies the Conflicting Interest Transaction if:
  - a. The **Director** declared the conflict of interest at an open meeting prior to the discussion of the issue, disclosing the material facts as to the **Director's** relationship or interest and as to the **Conflicting Interest Transaction**; and
  - b. The **Board**, in good faith, authorizes, approves or ratifies the **Conflicting Interest Transaction** by an affirmative vote of a

majority of the disinterested **Directors**, even though the disinterested **Directors** total less than a quorum; or

- c. The **Conflicting Interest Transaction** is authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or
- d. The **Conflicting Interest Transaction** is fair to **SPOA**.